

**CAPSTONE:  
FOREIGN AID, FOREIGN POLICY  
AND DEVELOPMENT MANAGEMENT**

**PIA 2096**



# Foreign Aid Course

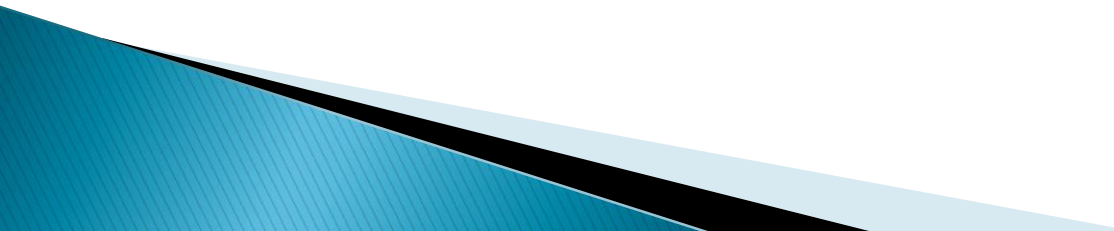
## Introduction and Overview

# **AN IMPORTANT REQUEST**

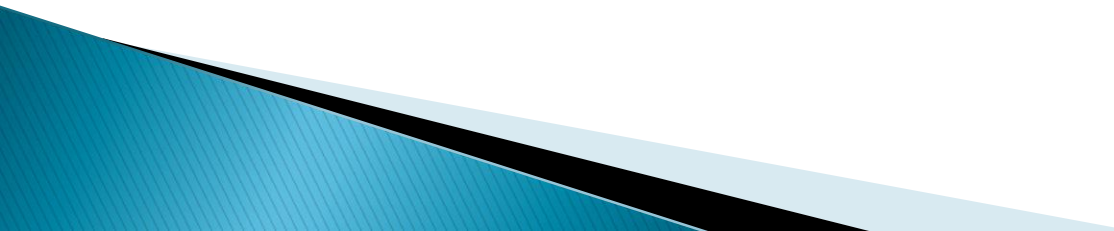
**Please ask questions and contribute to  
discussion**

# Discussion: Introduction.

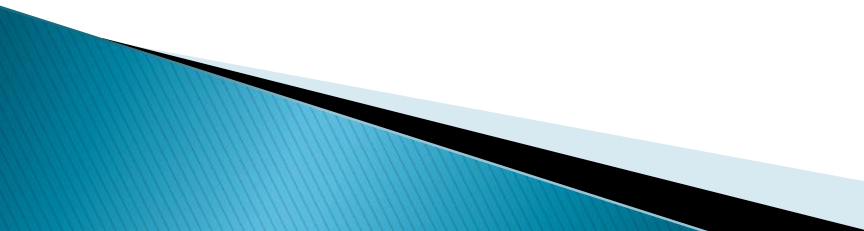
- ▶ **Each Person–**

- 1. Background, interests and future**
  - 2. Foreign Aid/Foreign Policy Concern**
  - 3. Tentative Research Agenda**
- 

# Overview of Course

- ▶ This is a capstone course for students in public and urban affairs, international development and international affairs and a topics course on international assistance policy.
  - ▶ The focus of the course is on foreign aid and technical assistance as it relates to foreign policy and development management.
  - ▶ It offers students an opportunity to do three things:
- 

# Overview of Course-2

- ▶ Discuss a set of critical issues that relate to their potential professional experiences within the context of the beginning of their search for gainful employment;
  - ▶ Do an in depth analysis of a foreign aid issue of high quality which can be submitted for publication or distributed as evidence of your capacity to carry out policy analysis.
  - ▶ Analyze critically contemporary debates about foreign aid and foreign policy.
- 

# Assignments

- **Preparation of a ten page literature review and capstone using all of the readings you have done for the class. (20 %) This paper should identify critical themes that you hope to address in your capstone paper**
- **Preparation of a twenty Five page research paper on a foreign aid issue. (40%) One page proposal due: Week five. Papers will be presented at the end of the class.**

# Assignments

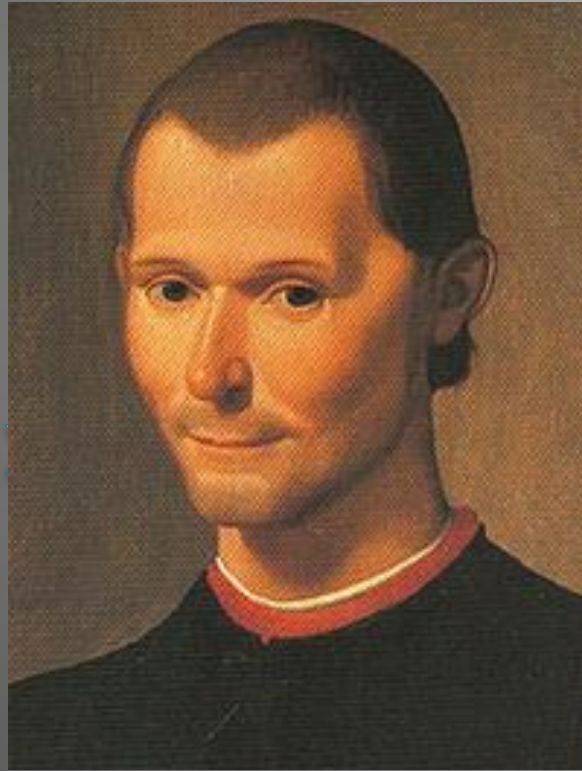
- **Submit a one page, third person biography (with picture) at second session of course (5%)**
- **Class discussion of one-two books a week for twelve weeks plus chapters of the Picard and Buss book on foreign aid policy. Each student to purchase and read assignments from Lancaster, Picard, Groelsema and Buss and read historical, case studies and rhetorical books. (35%).**
- **Discussion in Detail of Syllabus**



# An Overview of Issues

»» Foreign aid as Foreign Policy

▶ In the Beginning



Niccolò di Bernardo dei Machiavelli (May 3, 1469 – June 21, 1527)

Machiavelli emphasized the need for the exercise of brute power where necessary and rewards, patron– clientelism to preserve the status quo.

# The Problem– 1950

- The goal of foreign aid was said to be the reduction of material poverty through economic growth and the delivery of social services, the promotion of good governance and support for social institutions (Education and Health)
- Or was it “Machiavellian?” **DISCUSS**

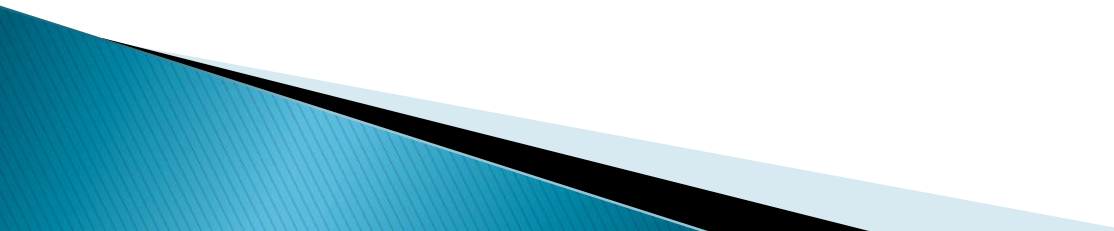
# India 1950



*Photo by Ann Dally*

**India 1950: Cicely Williams with a severely malnourished child.**

# The Assumption– 1950

- It was assumed that this would be done through democratically selected, accountable institutions, and reversing negative environmental trends through strategies of sustainable development.
  - But there was also the cold war.
- 

# George C. Marshall and the Marshall Plan





Harry Truman and Joseph Stalin >>  
The Cold War and the  
Search for Allies



# The Problem in 2013

- ▶ Ostensibly the Goals are the same–
- ▶ However...



# The Problem-2

- ▶ In addition to (or because of) the Cold War (AND NOW) the War against “Violent Extremism”
- ▶ Ultimately, as a number of economists have noted, “universal models of growth [did] not work well.”
- ▶ Quote David Sogge, Give and Take: What’s the Matter with Foreign Aid? (London: Zed Books, 2002), p. 8.



## Evelyn Akullu

Evelyn Akullu came to the orphanage in march 2004 after being picked from her hospital in Lira, Uganda. She had been burnt by the Lord's Resistance Army rebels at Barlonyo in Feb. 2004. By the time she was picked up, she was rotting in the hospital due to lack of drugs.



# Lord's Resistance Army: Southern Sudan





This little girl is a killer.

Esther was kidnapped to be a fighter in the Lord's Resistance Army in Northern Uganda. She fought for three years in Northern Uganda and Southern Sudan.



# Foreign Aid



Course Themes

**Goal: This course examines several related themes:**

- 1. First, we will examine the origins of foreign aid in the nineteenth and early twentieth century.**
- 2. Following this, we look at the expansion of foreign aid policy in the post-World War II period. Particular attention is given to the legacy of Vietnam as it impacted foreign aid and the impact of September 11.**



Vietnam vs. the Peace Corps >>


1965-1968



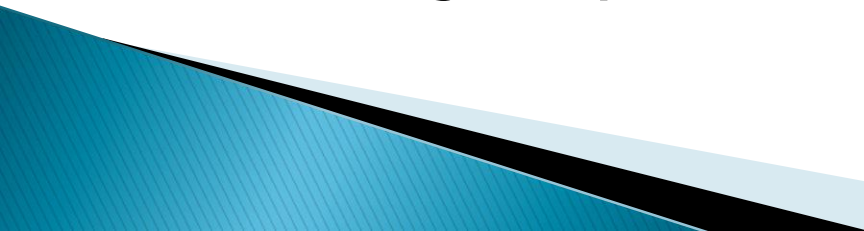
# Both are Important




# Goals-2

- 3. The discussion goes on to examine bilateral aid, multilateral organizations and the role of NGOs.**
  - 4. Finally, we will examine the counter-role relationships between donors and LDC program managers and conclude with a discussion of the moral ambiguities of foreign aid.**
- 

# Goals-3

- ▶ **Better Understand the Debate between Unilateralism and Multilateralism**
  - ▶ **Discuss the assumptions of the so-called “Three Ds” – Defense, Diplomacy and Development**
  - ▶ **Understand the organizational limitations of the “Whole of Government” approach:**
  - ▶ **Understand the bureaucratic concepts of “Staying in your Lane,” and “Stove-piping” – Defending Turf through Departmentalism**
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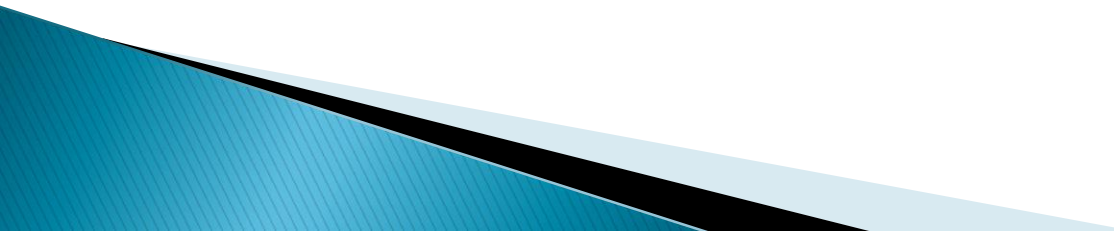
# The Issue

- ▶ The issue of sustainable development should be examined from both a policy and an ethical dimension.
  - ▶ What is the role of ethics in group and individual behavior
  - ▶ This suggests that ultimately there have both been policy problems and moral ambiguities that have plagued technical assistance and foreign aid.
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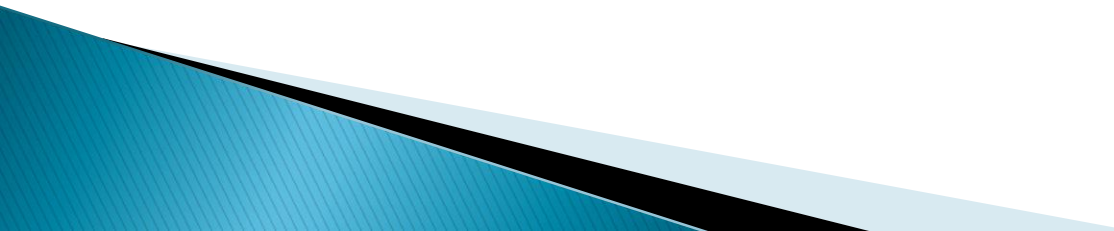
# The Issue-2

- ▶ Foreign aid problems are rooted both in the evolution of foreign aid policy over the last half century---
- ▶ but also in the ethical and cultural assumptions that were the antecedents of state to state foreign aid as it developed in the wake of the Second World War.
- ▶ The debate about foreign aid and development revolves around two issues: cultural transformation and what used to be called modernization.

# Cultural Transformation

- ▶ The issue occurs at two levels.
  - ▶ First, there is the concept of identity and how one identifies oneself in relationship to family, language and culture.
  - ▶ Second, there is the issue of morality that ultimately is defined, at least in part by national policy.
- 

# Modernization: Origins







# Modernization: The Only Game In Town?

- ▶ Thus an understanding of development should occur at two levels, the relationship between the individual, a socialization process and the extent to which national ethical and moral values impact upon the individual.
- ▶ The result of Modernization is said to be an urban, modern secular person. (Western)

# The Dilemma of Modernization

“Americans had been brought up in a pluralistic world, where even the affairs of the family are managed by compromises between its members. In the traditional Vietnamese family (and in other traditional families throughout the Third World)– a family whose customs survived even into the twentieth century– the father held absolute authority over his wife (or wives) and children.”

- ▶ The argument is that the western concept of decision-making is based on compromise. Compromise, however, is not a universal concept.

Quote from Frances FitzGerald, Fire in the Lake: The Vietnamese and the Americans in Vietnam (New York: Vintage, 1972), p. 19.

# Frances FitzGerald, Born October 21, 1940



**TEN MINUTE BREAK**



# Foreign Aid and Foreign Policy

- ▶ **Groupthink and the March of Folly Problem**
- ▶ **Groupthink (Irving Janis)– Leadership cannot be criticized.**

*Nine quick policy shifts -  
one great failure!*

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# Foreign Policy FOR ~~THE~~ DUMMIES

44th Edition

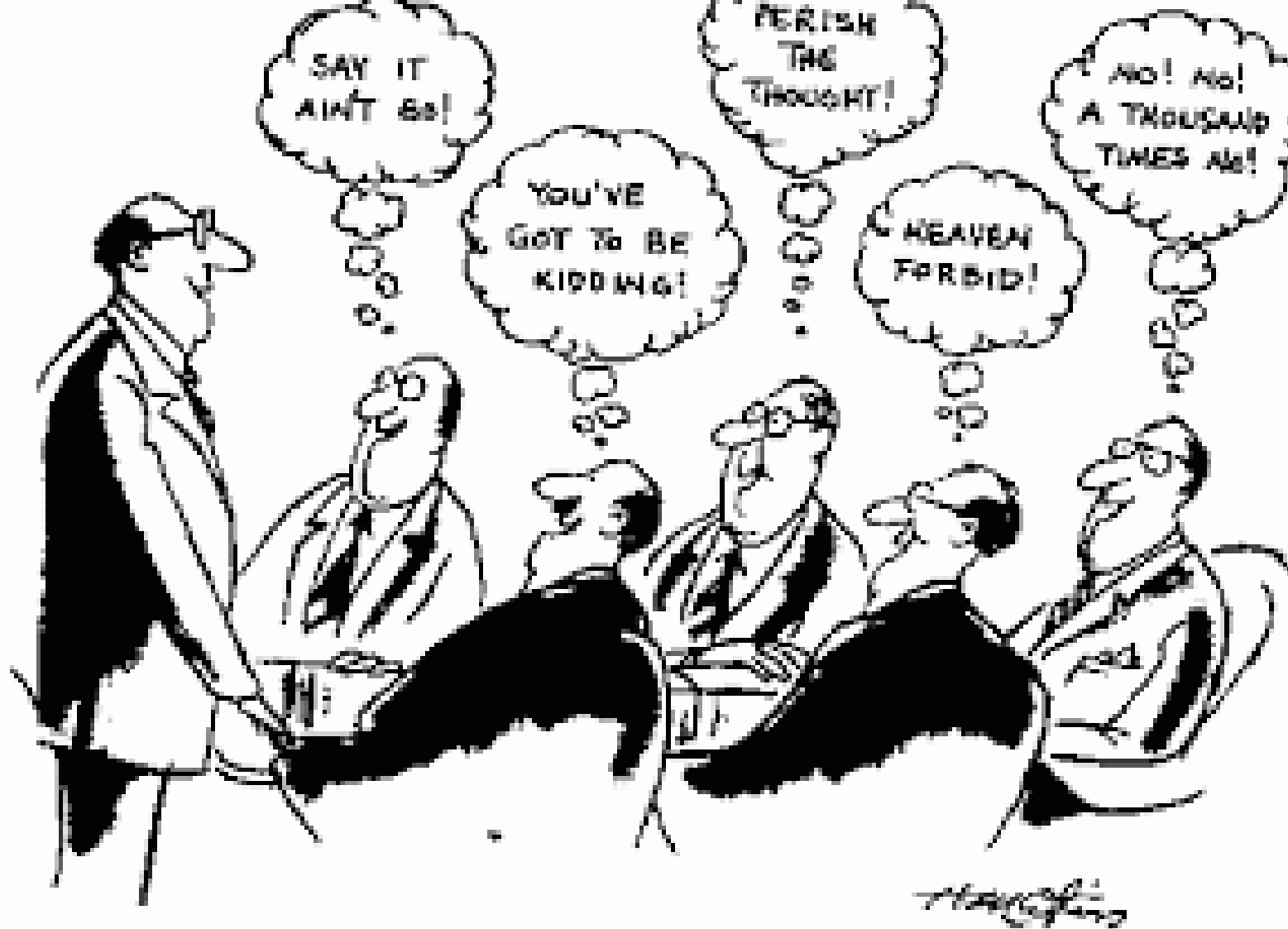
## 9 *HOW TO* Lessons

- Apologies
- Blaming Bush
- The "Reset" Button
- Devaluing Your Currency
- Gift Giving Tips
- Kowtowing
- More Apologies
- Abandoning Your Sovereignty
- Neutering the CIA and DHS



# The March of Folly Problem

- ▶ Given the nature of government in the twentieth century, for foreign aid to succeed it would have perceived as in the self-interest of a country's leadership of both donor and recipient nations.
- ▶ However, as Barbara Tuchman points out, “[a] phenomenon noticeable throughout history regardless of place or period is the pursuit by governments of policies contrary to their own interests,”
- ▶ that is contrary to important constituencies or the state as a whole.
- ▶ One Problem: GROUPTHINK
- ▶ Quote from Barbara W. Tuchman, The March of Folly: From Troy to Vietnam (New York: Alfred A. Knopf, 1984), p.4.



"All those in favor say 'Aye.'"  
"Aye."

"Aye."

"Aye."



# Author of the Week: Barbara Tuchman (January 30, 1912– February 6, 1989)



# March of Folly-2

- ▶ Foreign aid was said to hold the promise of institutional development, that is the building of structures capable of introducing and supporting the changes implied in the term modernization.
- ▶ Foreign aid, to its critics however, lacked an adequate conceptual basis. Result: *Bureaucratized and Projectized Processes*
- ▶ Foreign aid policy like other foreign policies suffered from an absence of reality. Where problems and conflicts exist among peoples they are not always solvable by foreign forces or modernization technologies.

# Foreign Aid Is Foreign Policy



# March of Folly-3

- ▶ In foreign aid, nation building has been the most presumptuous of such illusions. The importance of reason in decision-making follows from this.
- ▶ Counter-productive policies can be identified if there is a real time alternative course of action available that can be subject to group discussion and eventual choice.



# March of Folly-4

Using this definition, foreign aid policies have often been counter-productive since productive policies require thoughtful analysis.

Too often, foreign aid policies are pursued almost perversely even when “demonstrably unworkable or counter-productive.”

Unworkable policies, Tuchman points out, are “pursued at the sacrifice of the possible.”

Quotes from Tuchman, , p. 33 and p. 128.



# The Problem of Overreach



# March of Folly-5

There are two problems with decision-making:

- ▶ First, decisions are often formed through prejudice which are “hazardous to government.”
- ▶ Secondly, decisions in turn are too often made with the ‘terrible encumbrance’ of dignity and honor.

Both Quotes from Tuchman.





# Fear of Loss of Face



# March of Folly– 6

The foreign aid system as it has evolved in the U.S. and in other bilateral and multilateral organizations over the last sixty years is bureaucratic in nature. As Henry Kissinger noted in the late 1960s, there was

a sort of blindness [in terms of foreign aid] in which bureaucracies run a competition with their own programs and measure success by the degree to which they fulfill their own norms, without being in a position to judge whether the norms made any sense to begin with.

Quoted in John Franklin Cambell, The Foreign Affairs Fudge Factory (New York: Basic Books, 1971), p. 8..

# Henry Kissinger, c. 1965



# March of Folly– 7

- ▶ In foreign policy, (including foreign aid policy) national honor often required that foolish policies continued to be pursued despite overwhelming evidence that the goal was unattainable.
- ▶ The U.S. involvement in Vietnam (and some say Iraq) is said to be part of this pattern. Folly in public policy occurs when groups and organizations are unable to make decisions and draw conclusions from the evidence available. Costs rather than benefits from a policy result if the donor tries to “avoid interference that is needless or irrelevant to major foreign policy purposes.”
- ▶ Decision-makers need to focus on both.

Noted by John D. Montgomery, The Politics of Foreign Aid: American Experience in Southeast Asia (New York: Praeger, 1962), p. 250.

# John D. Montgomery, 1920–2008



# Focus: The Counter Narrative

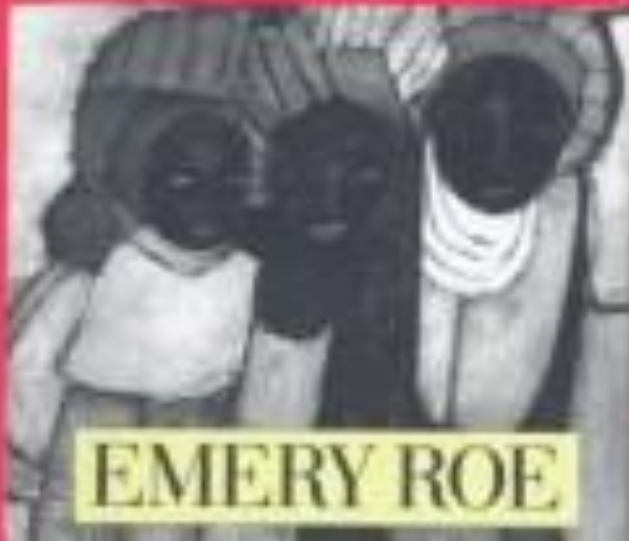
What Emory Roe calls the development of the counter narrative is

to conceive of a rival hypothesis or set of hypotheses that could plausibly reverse what appears to be the case, where the reversal in question, even it proves factually not to be the case, nonetheless provides a possible policy option for future attention because of its very plausibility.

Quote from Emory Roe, Except– Africa: Remaking Development, Rethinking Power (New Brunswick, NJ: Transaction Publishers, 1999), p. 9.

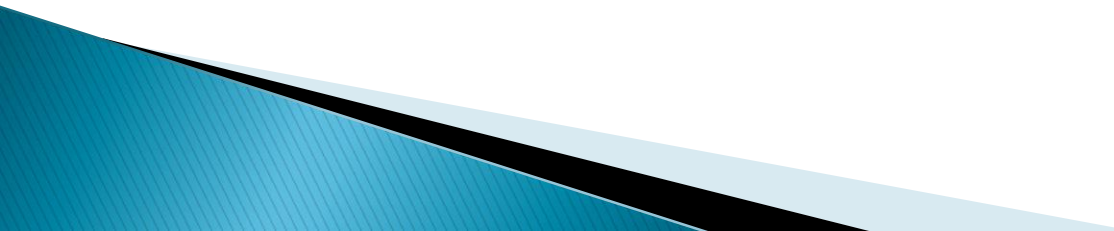
# EXCEPT AFRICA

Remaking Development,  
Rethinking Power



EMERY ROE

# Policy Concerns

- ▶ There is often very little public recognition to the commercial needs met by foreign aid
  - ▶ Or the bridge between security and foreign aid,
  - ▶ There was a disproportion of power between LDC states and Western, and especially American Power
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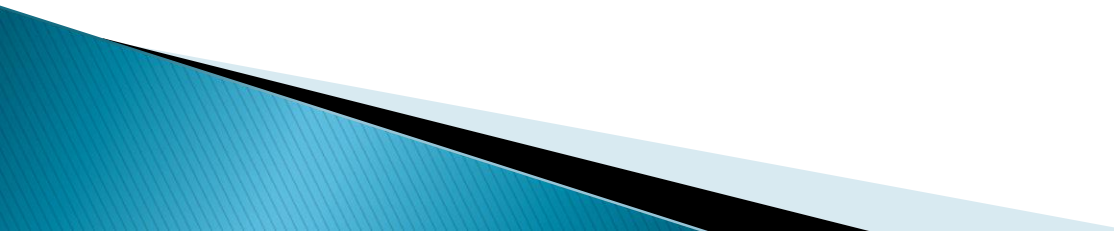


# Carrots and Sticks Can Change

Obama's  
Stimulus Plan



# Policy Concerns-2

- ▶ **Ultimately foreign aid organizations, like their counterparts in other areas of contracting, are in a struggle to capture and retain resources**
  - ▶ **Donor values and misperceptions are part and partial of the picture of foreign aid.**
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"Not only did the American banks give us billions in reconstruction loans, they also threw in this lovely toaster."

# Foreign Aid USAID Priorities

# Where does USAID's Money Go?

## Top 20 FY 2007 Benefiting Countries (Program Funds)

Country	Obligated FY 2007	Obligated FY 2008 to date
1 Worldwide	2,703,619,188	101,893,138
2 Afghanistan	1,445,651,383	511,400
3 Iraq	1,243,080,343	48,000
4 Egypt	605,704,157	4,274,678
5 Pakistan	457,985,585	15,891,546
6 Sudan	382,486,655	1,615,033
7 Kenya	289,410,439	0
8 Jordan	280,371,000	0
9 South Africa Republic	250,096,145	67,879
10 Ethiopia	213,845,722	22,204,543
11 Uganda	204,219,281	2,773,870
12 Indonesia	191,936,684	3,457
13 Nigeria	189,219,518	164,714
14 Lebanon	167,416,776	218,432
15 Botswana	159,990,581	100,000
16 Liberia	134,580,726	1,859,155
17 Haiti	130,911,398	100,000
18 Tanzania	130,252,425	0
19 Zambia	127,021,388	0
20 Mozambique	125,918,155	7,251,600

## Top 20 FY 2007 Vendors

Vendor	Obligated FY 2007	Obligated FY 2008 to date
1 World Food Program	687,217,890	58,215,842
2 Global Fund	642,252,952	0
3 International Relief and Development	396,182,002	143,436,800
4 Development Alternatives, Inc.	378,219,716	125,521,582
5 Research Triangle Institute	368,641,028	19,048,446
6 Louis Berger International, Inc.	288,588,913	172,412,719
7 Chemonics International Inc.	258,354,260	177,687,650
8 Partnership for Supply Chain Management	208,115,383	300,000
9 Management Systems Intl, Inc.	192,747,292	4,231,213
10 Academy for Educational Development, Inc.	186,196,455	38,909,449
11 Family Health International	179,656,691	23,108,494
12 CHF International	145,491,508	0
13 National Planning Commission	131,328,730	0
14 PACT, Inc.	129,693,156	0
15 Bearing Point, Inc.	123,600,758	53,830,767
16 Associates in Rural Development	122,583,006	25,649,322
17 World Health Organization	117,261,563	9,294,367
18 John Snow, Inc.	109,670,604	0
19 CARE, Inc.	108,449,858	19,527,958
20 Ssangyong-Hutama Joint Association	108,247,253	0

## Obligation Activity Processed via NMS vs. GLAAS vs. Phoenix

	Oblig. FY 2007	Oblig. FY 2008 to date
NMS (Assistance and Acquisition)	\$3.2 billion	\$0.1 billion
GLAAS (Acquisition)	\$1.1 billion	\$0.1 billion
Phoenix (Assistance, Acquisition, Other Instruments)	\$7.0 billion	\$1.7 billion

## Top 20 FY 2007 Program Areas

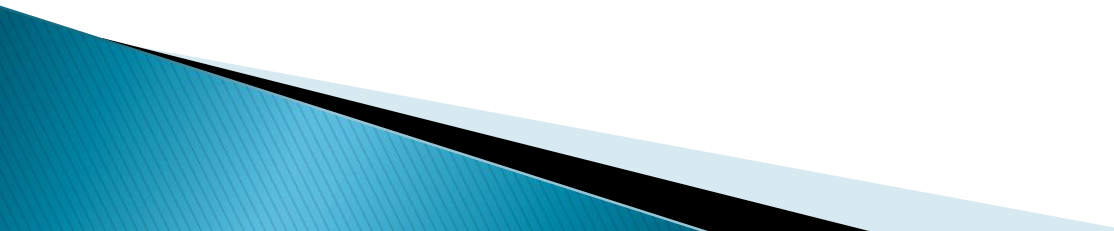
Program Area	Oblig. FY 2007	Oblig. FY 2008 to date
1 Health (3.1)	4,327,988,718	18,605,472
2 Protection, Assistance and Solutions (5.1)	1,637,521,098	143,383,000
3 Good Governance (2.2)	1,011,895,268	22,222,112
4 Infrastructure (4.4)	705,244,696	10,397,460
5 Education (3.2)	627,225,539	4,161,549
6 Financial Sector Capacity (4.3)	496,694,057	12,154,011
7 Agriculture (4.5)	434,996,618	117,509
8 Stabilization Operations & Security Sector Reform (1.3)	397,236,293	
9 Civil Society (2.4)	364,790,353	12,529,274
10 Counter-Narcotics (1.4)	357,682,852	
11 Conflict Mitigation and Reconciliation (1.6)	350,757,009	1,348,217
12 Macroeconomic Foundation for Growth (4.1)	290,232,614	19,251
13 Trade and Investment (4.2)	276,137,567	3,270,771
14 Private Sector Competitiveness (4.6)	274,417,161	1,076,055
15 Environment (4.8)	255,161,181	4,550,524
16 Rule of Law and Human Rights (2.1)	162,172,494	2,053,232
17 Political Competition and Consensus-Building (2.3)	154,755,803	1,862,445
18 Economic Opportunity (4.7)	114,710,215	71,742
19 Program Support (6.1)	107,036,698	27,669,317
20 Soc. & Econ. Svs. & Protection for Vul. Pop. (3.3)	87,397,631	5,885,017

## Top 10 FY 2007 Bureaus that Obligated the Most Program Funds

Bureau	Obligated FY 2007	Obligated FY 2008 to date
1 ANE	4,955,369,126	24,218,877
2 AFR	2,488,699,626	24,037,273
3 GH	1,741,273,466	1,339,854
4 DCHA	1,704,667,236	168,549,835
5 LAC	699,736,905	3,572,355
6 E+E	685,541,361	9,945,937
7 EGAT	296,865,107	14,508,283
8 M	46,141,970	25,638,959
9 ODP	8,008,825	312,821
10 RECOVERY	5,562,983	47

Source: M/CFO/FS as of December 25, 2007

# Motives and Ethics

- ▶ It is said that part of the motivation for foreign aid has been ethical and humanitarian in nature.
  - ▶ However, there has been one constant defining foreign aid over the last fifty years.
  - ▶ The humanitarian and development goals of foreign aid have been distorted by the use of aid for donor country commercial and political purposes.
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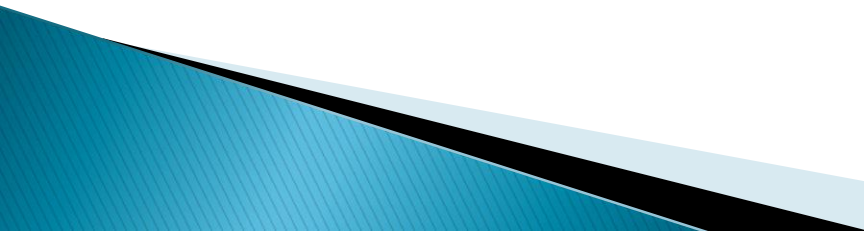
# Motives and Ethics–2

- ▶ Policy makers in more developed countries, and especially in the United States, have tended to see their action in terms of their generosity and to justify the use of force in order to meet ideological and developmental goals.
- ▶ Rewards were used as carrots to tempt conflicting sides into accepting mediation.
- ▶ The question: Do the current USAID priorities have an ethical base?



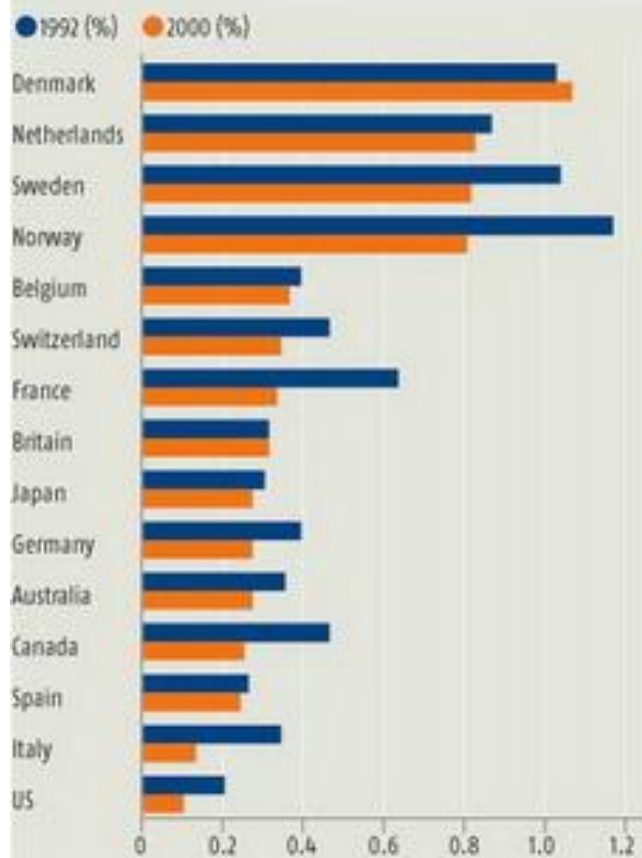


# Motives and Ethics Three

- ▶ Policy makers in more developed countries, and especially in the United States, have tended to see their action in terms of the their generosity
  - ▶ And to justify the use of force and unilateral action in order to meet ideological and developmental goals.
  - ▶ Rewards were used as carrots to tempt conflicting sides into accepting mediation
- 

## THE COLLAPSE OF FOREIGN AID

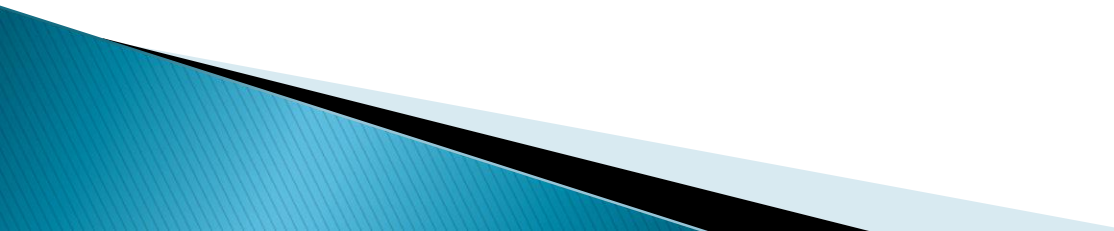
Share of GNP allocated to aid




SOURCE: THE BROOKINGS INSTITUTION

# Goal: Reminder

This course examines several related themes:

1. First, we will examine the origins of foreign aid in the nineteenth and early twentieth century.
  2. Following this, we look at the origins of foreign aid policy in the post-World War II period. Particular attention is given to the legacy of Vietnam as it impacted foreign aid and the impact of September 11.
- 

# Goals-2

3. The discussion goes on to examine bilateral aid, multilateral organizations and the role of NGOs.
  4. Finally, we will examines the counter-role relationships between donors and LDC program managers and concludes with a discussion of the moral ambiguities of foreign aid.
  5. Focus will be on the twin issues of Unilateralism and the “Three Ds” of contemporary foreign aid.
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# Comments

▶ **And Questions?**